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Message Text

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44
ACTION EB-11

INFO OCT-01 EUR-25 EA-11 ISO-00 SSO-00 AID-20 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 RSC-01 XMB-07 OPIC-12

SPC-03 CIEP-02 LAB-06 SIL-01 OMB-01 NSC-10 SS-15

STR-08 CEA-02 L-03 H-03 DRC-01 /155 W
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O P 111708Z OCT 73
FM AMEMBASSY BONN
TO TREASURY DEPT WASHDC IMMEDIATE
INFO SECSTATE WASHDC PRIORITY 7977
AMEMBASSY MANILA PRIORITY

C O N F I D E N T I A L BONN 14772

FOR HENNESSY FROM LARSEN
MANILA FOR USADB

E.O. 11652: DECLASSIFY 12/3L/72
TAGS: EAID, EFIN
SUBJECT: ADB SPECIAL FUNDS REPLENISHMENT

1. AFTER DISCUSSION WITH ADB PRESIDENT, VICE PRESIDENT, AND SIR JOHN CHADWICK, IT IS CLEAR THAT STRONG SENTIMENT AND GOOD REASONS EXIST FOR MAINTAINING, FOR TIME BEING, JUNE 30, 1974, TARGET DATE FOR ACTIVATION FIRST PHASE ADB REPLENISHMENT. GERMANS HAVE ADVISED BANK THEY DO NOT WISH TO DISCUSS ADVANCE PAYMENT PLAN NOW BECAUSE THEY DO NOT HAVE ENOUGH OTHER COUNTRY SUPPORT. GERMANS ALSO DO NOT WISH TO OPEN SUBJECT UNTIL RESULTS THIS YEAR'S CONGRESSIONAL ACTION KNOWN.

2. BANK OFFICIALS URGE THAT, IN ANY EVENT, AND PARTICULARLY IN LIGHT OF ABOVE, RETENTION OF JUNE 30 DATE IS IMPORTANT IN ORDER TO KEEP PRESSURE ON OTHER DONORS TO GO FORWARD NOW WITH THEIR LEGISLATION,
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THUS PUTTING THEM IN POSITION TO MAKE ADVANCE

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CONTRIBUTIONS IF NEEDED.

3. RESOLUTION CANNOT BECOME EFFECTIVE WITHOUT US BY VIRTUE OF TRIGGER ARRANGEMENTS, SO THAT POSTPONEMENT IS WITHIN US CONTROL IN ANY EVENT. WE BELIEVE THIS TRIGGER ARRANGEMENT, POSTPONING THE ACTIVATION OF THE FUND UNTIL FULL US 100 MILLION DOLLAR CONTRIBUTION IS MADE, EFFECTIVELY ANSWERS ANY CONCERN THAT JUNE 30 DATE LOOKS LIKE PUTTING CONGRESS UNDER THE GUN.

4. MOREOVER, FROM OUR STANDPOINT, PRACTICAL CONSIDERATION IS THAT POSTPONEMENT NOW IN DRAFT RESOLUTION FROM JUNE 30, 1974 TO LATE IN 1974 WOULD GIVE CONGRESSIONAL OPPONENTS OPPORTUNITY TO ASSERT NO APPROPRIATION NEEDED AT THIS TIME BECAUSE MATTER CAN BE HANDLED COMFORTABLY THROUGH APPROPRIATION IN CALENDAR 1974. REASONING HERE IS IN LINE WITH POSITION TAKEN WITH GONZALEZ SUBCOMMITTEE BY VOLCKER 10 OCTOBER.

5. USE OF JUNE 30 DATE NOW WOULD BE CONSISTENT WITH OUR DESIRE TO SUPPORT FULL 100 MILLION DOLLAR REQUEST IN THIS SESSION OF CONGRESS. ADB OFFICIALS RECOGNIZE PROBABILITY, HOWEVER, THAT WE WILL GET LESS THAN 100 MILLION DOLLARS AND BE OBLIGED TO MAKE SECOND APPROPRIATION TRY IN 1974. THEY SUGGEST ANOTHER MEETING AROUND JANUARY 1974 AFTER WE KNOW 1973 CONGRESSIONAL OUTCOME, AT WHICH INTERIM STEPS (E.G., ADVANCE PAYMENT ARRANGEMENTS) WOULD BE DISCUSSED WITH VIEW TO POSTPONEMENT OF JUNE 30 DATE. IN THIS RESPECT, SITUATION VERY SIMILAR TO IDA COMPROMISE IN NAIROBI, WHERE WE AGREED TO JUNE 30, 1974 DATE IN FORMAL RESOLUTION, BUT SIMULTANEOUSLY AGREED INFORMALLY TO LATER MEETING TO DEAL WITH SITUATION THAT WOULD ARISE IF DATE NOT MET.

6. WE ARE PROCEEDING WITH DISCUSSION OF JUNE 30-PLUS-LATER-MEETING-TO-CONSIDER-POSTPONEMENT FORMULA WITH OTHER DELEGATIONS. ANTICIPATED OUTCOME WOULD BE CONFIDENTIAL

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(A) JUNE 30, 1974 DATE WOULD REMAIN IN RESOLUTION;
(B) MEETING TO DISCUSS ADVANCE PAYMENTS AND POST-PONEMENT OF ACTIVATION TO A DATE THAT ACCOMMODATES TO 1974 CONGRESSIONAL ACTION WOULD TAKE PLACE AFTER 1973 CONGRESSIONAL ACTION KNOWN.

7. IN ABSENCE CONTRARY INDICATIONS FROM WASHINGTON, INTEND TO MOVE AHEAD ON THIS BASIS,

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WHICH WILL GREATLY FACILITATE WRAPPING UP FINAL
DOCUMENTS REFLECTING OTHER CHANGES WE DESIRE.
HILLENBRAND

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